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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 003719

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TAGS: PREL PGOV ECON UP RS GG

SUBJECT: GOR CALM ABOUT U.S.-UKRAINE STRATEGIC PARTNERSHIP PLANS

Classified By: Pol MinCouns Alice Wells for reasons 1.4(b) and (d)

¶1. (C) Summary: In a December 22 meeting, MFA Ukraine desk Director Vyacheslav Yelagin told us that the GOR had not yet developed a formal position on the proposed U.S.-Ukraine strategic partnership agreement, but noted Ukraine had the right to conclude treaties with any country it wanted to. He said Russia's threat to shut off gas supplies to Ukraine was real and directly linked to Ukraine's paying off its gas payment debts; Russia would not subsidize Ukraine's support for Georgia. Yelagin described DFM Karasin's December 15 visit to Kyiv as a routine exchange of views on key bilateral issues that did not produce any significant results. End Summary.

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U.S.-Georgia Partnership: No formal GOR reaction  
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¶2. (C) In a December 22 meeting, Vyacheslav Yelagin, Director of the Ukraine desk in the 2nd CIS Department at the MFA told us that the GOR had not yet developed a formal position on the proposed U.S.-Ukraine strategic partnership agreement. As the MFA had just learned about the plans that morning, it needed more time to study the issue, and would have to run any statement by the 2nd CIS Department director, who was currently tied up in Belarusian president Lukashenko's visit to Moscow. However, Yelagin voiced his informal opinion that Ukraine was a sovereign country with the right to conclude treaties with any country it wanted to. He stressed that Russia's policy overall was not to interfere in Ukraine's internal or non-Russia-related affairs.

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Gas cutoff a real possibility  
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¶3. (C) While the MFA is not the lead player in Russian-Ukraine energy relations, Yelagin said Russia's threat to shut off gas supplies to Ukraine was real, and directly linked to Ukraine's paying off its gas payment debts. Russia had been raising the debt repayment on a weekly basis since at least last summer, so was not reacting precipitately now. Yelagin disagreed that Russia's threat might just be a "negotiating ploy" meant to pressure Ukraine into accepting less favorable terms for the new contract, as negotiations had collapsed and there were none ongoing at the time. Yelagin also rejected our concern about European reactions to a cutoff, saying Russia had spoken extensively with its Western European gas customers, who he claimed understood Russia's position that the looming gas crisis was entirely Ukraine's making, and that deliveries to Europe and deliveries to Ukraine were separate issues. Yelagin suggested Ukraine could use IMF loans to repay the debt, then joked that the U.S. as Ukraine's ally could also pay off the debt. In the end, Yelagin linked the gas price issue to Georgia, saying Russia was not willing to subsidize a country which conducted anti-Russian politics with regard to Georgia.

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Karasin exchanges views with Ukrainian counterpart  
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¶4. (C) Yelagin characterized DFM Karasin's December 15 visit to Kyiv as a routine visit intended to allow both sides to exchange views on issues of mutual concern, with the talks producing no significant result. Yelagin queried the wisdom of Ukrainian president Yushchenko's December 2 decree to found an interdepartmental strategic group for Ukrainian-Russian relations, noting a Russian-Ukrainian commission with attached working groups that covered the same issues as the new strategic group existed since 2005.

¶5. (C) On military issues, Yelagin reported that Karasin raised with Ukrainian Acting First Deputy Foreign Minister Yuri Kostenko Russian accusations that Ukrainian arms deliveries to Georgia contradicted international obligations, and the alleged provision of Ukrainian military specialists to assist Georgia. The parties also discussed Ukrainian attempts to "hamper" Black Sea Fleet (BSF) movements, which Yelagin described as covered by the existing BSF agreement, and would be further discussed in a meeting of the sub-commission on the Black Sea Fleet in early 2009.

¶6. (C) Yelagin also reported that Karasin and Kostenko discussed non-military issues, including agreement to hold consultations on the Sea of Azov and the Kerch Strait settlement in January 2009. While Ukraine claimed its territorial integrity in the Azov Sea was threatened by Russia, Yelagin affirmed Russia had no plans "to invade

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Ukraine," and further considered Ukraine's territorial integrity already well-protected under such agreements as the Big Treaty and the 1994 Budapest Memorandum. Karasin and Kostenko further discussed the Holodomor, restrictions on Russian cable TV in Ukraine and other cultural issues such as the joint celebration of the 200th anniversary of author Nikolai Gogol.

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